

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking Regarding Policies,
Procedures and Rules for the California Solar
Initiative, the Self-Generation Incentive Program
and Other Distributed Generation Issues.

Rulemaking 06-03-004
(Filed March 2, 2006)

**SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902 M) REPLY COMMENTS
IN RESPONSE TO THE ADMINISTRATIVE LAW JUDGE'S RULING
REQUESTING COMMENT ON THE 2008 SELF GENERATION INCENTIVE
PROGRAM BUDGET**

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November 13, 2007

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In accordance with Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company (SCG), together as the Joint Sempra Energy Utilities (Joint Utilities), respectfully respond to parties' comments received on November 6, 2007 on the Administrative Law Judge's Ruling Requesting Comment on the 2008 Self Generation Incentive Program Budget (Ruling). The Joint Utilities appreciate the opportunity to provide the following limited Reply Comments.

The Joint Utilities agree with CCSE that the administration of SGIP should be determined definitively. However, it is inappropriate to make this determination in this proceeding as the subject matter thereof is not an issue before the Commission in this proceeding. As it is out of scope, this request should not be considered by the Commission.

In fact, the Commission said in D.04-12-045 (page 19):

“Until we have fully addressed the legal and policy issues related to program administration in R.01-08-028, we believe that directing SDG&E to extend its administrative services contract with SDREO through 2007 is the best course of action. This approach enables the SGIP program to move forward without disruption to current program administration arrangements for the authorized funding period. At the same time, it does not preclude us from reevaluating the administrative structure for SGIP if funding continues past 2007. We authorize the program administrators to direct their consultant to update the September 2, 2003 comparative assessment report with data collected from June 2003 through May 2006 for submission by September 15, 2006. As directed above, the report should clearly identify all program administrators, and address the performance of each. We will then be in a better position to consider how best to administer the SGIP program beyond 2007, based on this report, our final determinations regarding program administration in R.01-08-028, and other relevant information.”

There is no evidence in the record that an evaluation of the success of administration of the SGIP has been considered in determining future program administration. With the recent changes to the SGIP regarding the technologies, budget, changing market conditions and the Commission’s objective for more integrated approaches, a decision on program administration should first consider these conditions and the success the program.

CONCLUSION

The Joint Utilities appreciate the opportunity to provide reply comments on this Ruling and urge the Commission to thoughtfully consider their comments herein.

Respectfully submitted,

/s/ Steven D. Patrick

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **SAN DIEGO GAS & ELECTRIC COMPANY'S (U 902 M) REPLY COMMENTS IN RESPONSE TO THE ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT ON THE 2008 SELF GENERATION INCENTIVE PROGRAM BUDGET** on all known interested parties of record in **R.06-03-004**. Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and by depositing such envelopes in the United States Mail with first class postage prepaid.

Copies were also sent via Federal Express to Administrative Law Judge Dorothy J. Duda and Commissioner's Advisor Andrew Schwartz.

Dated at Los Angeles, California this 13th day of November 2007.

/s/ Marivel Munoz

Marivel Munoz

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